

Minutes

Seattle City Employees' Retirement System
Regular Board Meeting

Wednesday, December 7, 2011 – 9:00 a.m.
Pacific Building, 9th Floor

Present: ☒ Jean Godden ☒ Glen Lee ☒ Rod Rich ☒ Robert Harvey, Jr. ☒ David Stewart
 ☒ Lou Walter ☒ Jean Becker

Others Present: Cecelia M. Carter, SCERS; Anthony Smith, SCERS; Ben Kalman, SCERS, Mike Akiyama, SCERS; Mike Monaco, Esq., Song Mongdress; Carlton Seu, Esq., CAO; Beverly Yapp, SCERS; Lisa Carns, SCERS; Steve Viney, Retiree; Tom Kirn, FAS; Diana Douglas, PTE Local 17; John McCoy, Legislative; George Emerson, Finance.

Meeting called to order at 9:05am.

Cecelia Carter, Executive Director of SCERS gave recognition and appreciation to Councilmember Jean Godden for her four years of service (2008-2011) as Chair to the Seattle Retirement Board of Administration.

Public Comment: Diana Douglas with IFPTE Local 17 asked the Board to reconsider the disability retirement application of a City employee and to permit employee an appeal.

David Stewart arrived at 9:12am.

Minutes:

Information: Provided in the Retirement Board packet are the minutes from the November 2, 2011 Retirement Board Regular Meeting.

Motion: Upon motion by Rod Rich, seconded by Jean Becker, the Retirement Board approved the minutes from the November 2, 2011 Retirement Board regular meeting.

Ratification of Retired Payroll, Office Payroll, Other Payments and Withdrawals:

Information: The following items represent normal expenses and nothing extraordinary.

Service	\$9,584,843.75
Beneficiary	\$900,693.52
Disability	\$78,576.31
Pension Payroll – PPE November 30, 2011	\$10,564,113.58

Office Payroll – PPE October 11 and 25, 2011	\$81,299.50
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Vouchers Processed – October 31, 2011	\$697,953.75
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- *Expert and Consultant Services – \$41,216.84
- *Investment Management Fees – \$532,140.64
- *Interdepartmental Charges - \$71,045.54
- *Miscellaneous - \$53,550.73

Immediate Withdrawals of Contributions for the month of November 2011:

MEMBER	Department Name	Position
Vea, Spencer H	SPL	Security
Leslie, Alexander T	Parks	Lifeguard
Eliassi, Farinaz	SDOT	Project Mgr
Schoberl, Susan D	HSD	Counselor
Rothwell, Martin E	Parks	Aquarium Guide
Minnig, Catherine R	Parks	Biologist
Greene, Bridgette D	SPU	Customer Service Rep
Berry, Callie Berdine	Parks	Spec Events Schedlr
Reynolds, Christopher B	SDOT	Cement Finisher
Harvey, Glenn L	Beneficiary	
Meyer, Lorri A	Beneficiary	
Winston, Rachelle M	SPD	HR Admin
Watson, Sonja Annice	DOIT	Video Spec I
Palmer-Bormann, Consuelo V	SPL	Library Assoc I
Connery, Allison D	SPL	Public Serv Tech
Cardenas, Noe G	Parks	Arboriculturist
Shahan, Jenifer Sue	SDOT	Civil Engr Spec
Minor, Phyllis F	HSD	Admin Asst
Tolton, Suni Phyllis	HSD	Grants Contracts Spec
Martin, Timothy	SPU	Fac Maint Wkr
Linard, Kathy	Beneficiary	
Rantz, Fredrick W	FAS	Auto Mech

Bold entries above indicate refund payout made to beneficiary of a member dying while in active status.

22 Withdrawals for a total of: \$476,130.62

Motion: Upon motion by Lou Walter, seconded by Bob Harvey, the Board ratified the Retiree Payroll, Office Payroll, other Payments and Withdrawals.

Ratification of Service Retirements:

Information: The following list represents the retirements that have been processed since the last Retirement Board meeting.

Retiree	RetireDt	Years	Days	DeptName	Position	Age
Ebenal,Joan L	11/9/2011	30	254	Human Services	Grants & Contracts Spec Sr	63
Gee,Warner K K	11/9/2011	30	158	SPU	Civil Engr Sr	61
Grosso,William A	11/9/2011	30	136	SDOT	Street Maint CC	64
Kelleppan,Ratish S	11/9/2011	30	14	Library	Admin Supp	47
Pomada,Robert F	11/8/2011	5	309	DPD	Mech Inspector (I)	63
Shiebert,Stanley	11/4/2011	31	245	Library	Librarian	77
Singleton,Harold L	10/27/2011	26	99	SPU	Manager 2, Engr & Plans Rev	59
Smithson,Shahma	11/9/2011	19	11	SPU	Info Tech Sys Analyst	60
Thomas,Jacquiline S	10/20/2011	32	187	K.C. Health	Admin Spec III	60

Retiree	RetireDt	Years	Days	DeptName	Position	Age
Vanderpol,Sandra J	11/4/2011	10	363	Vested	Vested	66
Armstrong,David L	11/2/2011	18	346	SPU	Civil Engineer	55

For the month of November: 42 new Members entered the System, 37 terminations, 10 Members retired in the System, 1 disability retiree, 10 Members removed (\$14,744.21), and 1 Option D/E continuations.

Motion: Upon motion by Lou Walter, seconded by Rod Rich, the Retirement Board approved the service retirements listed above, pending final review.

Ratification of Investment Transactions and Statement of Securities and Cash:

Information: Provided in the Retirement Board packet is the Investment Summary report that represents the transaction summary and the market value of the investments as of October 31, 2011.

Ms. Carter reported that for month of October 2011 the portfolio increased by 5.81%. This compares to the Russell 3000 which returned 11.51% for the same period. Year to date return on the portfolio was down 1.95%; compared with the Russell 3000 which was positive 47 basis points. The shortfall on the portfolio's monthly return can be attributed to the delayed reporting associated with the alternative investments (which generally lag the quarter-end by two months). Mr. Smith gave an overview of some of the investment transactions that took place during the month (i.e., liquidations from equity managers) in anticipation of funding the new asset mandates (e.g., covered calls and GILS).

Motion: Upon motion by Lou Walter, seconded by Bob Harvey, the Retirement Board accepted the Investment Summary report.

Investment Committee Report:

The next investment committee meeting is Thursday, December 8th at 12noon in the Retirement Office.

Ms. Carter reported that the Investment Committee met on November 17th from 9am – 4:10pm. Pension Consulting Alliance presented the 3rd Quarter report to the Committee and Advisory Board. There was discussion about Private Equity. Alan Hess, University of Washington provided a commentary outlining his personal opinion on the subject of Private Equity with a counter commentary provided by Joseph Boateng, Casey Family Foundation.

Ms. Carter disclosed that a member of SCERS staff has a social relationship with a member of the Parametric staff in the Seattle office. The employee filed a disclosure with the Ethics Office. Contract language will be included in the document to reflect the individual in the Parametric Seattle Office will not work or have any dealings with the SCERS account.

Investment Activity Requiring Board Ratification and/or Recognition

The Investment Committee heard six presentations; three Covered Calls and three Global Inflation Linked Securities managers. The Committee recommends that the Board approve the selection of Guggenheim Partners Asset Management, LLC at 50% active with enhancement from Parametric Portfolio Associates LLC and allow staff to negotiate up to 50% for the covered calls managers and the

selection of PIMCO as the Global Inflation-Linked Security manager. Finalists RFP analysis memorandums attached.

Motion: Upon motion by Lou Walter, seconded by Rod Rich, the Retirement Board approved the Covered Calls Manager selection of Guggenheim Partners Asset Management, LLC and Parametric Portfolio Associates LLC.

Motion: Upon motion by Lou Walter, seconded by Bob Harvey, the Retirement Board approved the selection of PIMCO for the Global Inflation-Linked Security manager selection.

Private Equity

Ms. Carter proposed to the Board they meet on a Saturday in January for a Private Equity Educational Session.

Executive Director Report:

Ms. Carter reported that the 2011 1.5% COLA was implemented November 30, 2011.

Status of Benefit Enhancements

Information: The estimated current funding level of the Retirement Fund is 61.50% as of November 30, 2011 on a marked-to-market basis.

The above amount is an estimate calculated each month by the Retirement Office staff. As provided by Ordinance 120685, changes to the Floor COLA will occur once the funding level has reached at least 100% and has been confirmed by the Board after commissioning an actuarial valuation.

New Business:

(1) Securities Litigation Monitoring

Ms. Carter requested authorization to engage a local law firm to review the SCERS portfolio for possible claims. Further the Board authorized the Executive Director to issue an RFP for other firms to provide securities litigation monitoring. If any potential claims are discovered SCERS staff and City Attorney's office will negotiate any necessary fees to collect on claim.

Motion: Upon motion by Lou Walter, seconded by Bob Harvey, the Retirement Board approved authorization for staff to post an RFP for a Security Litigation Firm.

Old Business:

(1) Items to Discuss

- Investment Policy Guidelines
 - Hedge Funds – on hold

(2) Interdepartmental Team (IDT) Retirement Study (due to City Council Mid-2012 Budget)

Ms. Carter reported that Gabriel, Roeder, Smith and Company (GRS) provided a modeling tool and design in mid-November. There is a meeting in the afternoon on December 7th. Gabriel, Roeder, Smith and Company may present to the Board in January.

The Board reserves the right to enter into executive session if necessary

The Board entered into Executive Session at 10:07am for fifteen minutes. At 10:22am executive session was extended by Ms. Carter to 10:45am.

Motion: Upon motion by Lou Walter, seconded by David Stewart, the Retirement Board approved authorization for City Attorney's Office to amend the contract with Foster Pepper Law Firm for additional representation.

Motion: Upon motion by David Stewart, seconded by Rod Rich, the Retirement Board approved authorization for SCERS Executive Director to create a sub-committee to study industry standards and make recommendation to Board on disability retirement within pension plans.

Adjournment:

Motion: Upon motion by Lou Walter, seconded by Glen Lee, the Retirement Board voted to adjourn the meeting at 10:50 am.

David L. Stewart, Secretary